REMARKS

Reconsideration of the application is requested.

Claims 1, 2, 5, 6, 8-12 and 15 are now in the application and are subject to examination. Claims 3, 4, 7, 13 and 14 have been cancelled. Claims 1, 5, 6, 10 and 12 have been amended. An RCE has been filed concurrently with this amendment.

Under the heading "Informalities or Claims Objection" on page 2 of the above-identified Office Action, claim 1 has been objected to because allegedly the preamble is not consistent with the body of the claim.

The preamble of claim 1 has been amended to refer to "constructing" an exchange traded fund.

Under the heading "Informalities or Claims Objection" on page 2 of the above-identified Office Action, claims 3, 4, 7, 13, and 14 have been objected to for being in improper independent form. These claims have been cancelled herewith in order to facilitate prosecution of the instant application.

Under the heading "Claim Rejections – 35 USC § 102(e)" on page 3 of the above-identified Office Action, claims 1-4 have been rejected as being fully anticipated by US patent application publication No. 2002/0133447 to Mastman et al. under 35 U.S.C. § 102. Applicant respectfully traverses.

Claim 1 includes steps of:

placing a plurality of the securities into the exchange-traded fund and weighting the individual securities within the exchange-traded fund in accordance with the associated dividend yields; and

offering for sale shares in the exchange-traded fund.

Mastman does not teach these steps. Paragraphs 4 and 5, which have been cited by the Examiner do not teach or suggest placing securities in an exchange traded fund and offering for sale shares in the exchange-traded fund. First, Mastman teaches nothing related to an exchange traded fund. The method taught by Mastman is solely directed towards creating individual portfolios. An exchange traded fund is not mentioned anywhere in the teaching. Mastman only mentions disadvantages of mutual funds in the background of the invention. Second, when one considers the teaching of Mastman as a whole as required by the MPEP, it is seen that Mastman even teaches away from placing the selected securities in a mutual fund. Mastman teaches that investing in a mutual fund is undesirable since the investor has no control over the manager's actions and the manager may or may not be successful (paragraph 3). Third, Mastman teaches creating a portfolio that preferably comprises a group of ten stocks (paragraph 3). A portfolio of preferably ten stocks is clearly directed towards an individual investment

account and could not be suitable for placement in a mutual fund or an exchange traded fund.

Mastman only teaches creating a portfolio. There is absolutely no teaching therein related to forming any type of a fund that contains the stocks in the portfolio and then selling shares in the fund.

Additionally, the Examiner has referred to applicant's teaching, which is improper in a 102 rejection. Applicant does not understand the relevance of the citations from his own teaching. Applicant's teaching has nothing to do with the teaching in Mastman.

Claim 1 has been amended to even further distinguish the invention from the prior art. Support for the change can be found by referring to paragraph 5 of the application. Claim 1 now specifies: on a stock exchange, offering for sale shares in the exchange-traded fund.

Mastman does not teach that the portfolio will be offered for sale on a stock exchange.

On page 5 of the above-identified Office Action, claim 5 has been rejected as being unpatentable over US patent application publication No. 2002/0026399 A1 to Narayan et al. in view of US patent application publication No.

2002/01333447 to Mastman, and further in view of US Patent No. 5,758,257 to Herz et al. under 35 U.S.C. § 103. Applicant respectfully traverses.

Applicant believes that one of ordinary skill in the art would not have obtained a suggestion to combine the teachings in a way resulting in the claimed invention. Narayan et al. is related to bonds whereas Mastman is related to stocks. The parameters of interest and the evaluation that is performed by a bond investor to determine whether to invest in a bond are much different than the parameters of interest and the evaluation that is performed by an investor in stocks to determine whether to invest in a stock. The mere fact that one of the thirteen parameters taught by Mastman coincidentally is also of concern to a bond investor is irrelevant. The teaching related to parameters, which are used to search for stocks, does not suggest anything to one of ordinary skill in the art that is searching for bonds. Therefore, one of ordinary skill in the art would not have obtained a suggestion to modify a system for trading bonds in view of a search parameter used to search for stocks.

Claims 5 and 6 have been amended to even further distinguish the invention from the prior art. Support for the change can be found by referring to the specification at paragraph 10. Even if the teaching in Narayan et al. were modified in the manner asserted by the Examiner, the result would be related to searching for bonds, not stocks. The claimed invention would not have been suggested.

On page 6 of the above-identified Office Action, claim 6 has been rejected as being unpatentable over US patent application publication No. 2002/0026399 A1 to Narayan et al. in view of US patent application publication No. 2002/01333447 to Mastman and US Patent No. 5,758,257 to Herz et al., as applied to claim 5, and further in view of US Patent No. 5,978,778 to O'Shaughnessy and official notice under 35 U.S.C. § 103. Applicant respectfully traverses.

Applicant believes that claim 6 is not obvious for the reasons given above with regard to claim 5.

On page 7 of the above-identified Office Action, claim 7 has been rejected as being unpatentable over US patent application publication No. 2002/0026399 A1 to Narayan et al. in view of US patent application publication No. 2002/01333447 to Mastman and US Patent No. 5,758,257 to Herz et al., as applied to claim 5, and further in view of US patent application publication No. 2002/0007335 A1 to Millard et al. under 35 U.S.C. § 103. Applicant respectfully traverses.

Claim 7 has been canceled.

On page 7 of the above-identified Office Action, claims 8 and 9 have been rejected as being unpatentable over US Patent No. 5,758,257 to Herz et al. in

view of US patent application publication No. 2002/0133447 to Mastman under 35 U.S.C. § 103. Applicant respectfully traverses.

Claim 8 includes a step of: weighting the individual securities within the exchange-traded fund in accordance with the associated dividend yields. Such a step is not taught or suggested by Mastman.

Mastman merely teaches weighting thirteen parameters of a particular stock to obtain a rating for a particular stock (see lines 8-10 of paragraph 0010). Mastman does not teach weighting the individual securities within any type of fund or portfolio. Therefore, applicant believes that even if there were a suggestion to combine the teachings in Herz et al. and Mastman, the invention as defined by claim 8 would not have been obtained.

Additionally, even though the Applicant's admitted prior art is not listed in the rejection, the Examiner's comments in the third paragraph on page 8 of the Office action make it clear that the Examiner has relied on Applicant's admitted prior art to reject claims 8 and 9.

The Examiner has apparently assumed that it must have been obvious to have placed any collection of securities in an ETF by considering the statement in paragraph 0005 of the specification that the Examiner has referenced. That referenced statement merely discloses that an ETF is a collection of securities that may be traded on an exchange.

Applicant has not admitted that any collection of securities could be placed in an ETF. In fact in his admitted prior art, applicant specifically teaches that an ETF was similar to an index mutual fund that is tied to an index. The Examiner has incorrectly evaluated applicant's admitted prior art.

Applicant again points out that Mastman teaches weighting a parameter and these parameters are used to obtain a rating for a stock. This rating might be used to determine whether or not a particular stock will be included in a portfolio, however, there is no teaching or suggestion that this rating or anything else is used to weight the individual securities within the portfolio. One of ordinary skill in the art would not have obtained a suggestion to weight the individual securities within an exchange-traded fund in accordance with the associated dividend yields.

On page 8 of the above-identified Office Action, claims 10-14 have been rejected as being unpatentable over US patent application publication No. 2002/0026399 A1 to Narayan et al. in view of US Patent No. 5,978,778 to O'Shaughnessy under 35 U.S.C. § 103. Applicant respectfully traverses.

Narayan et al. is related to bonds, whereas O'Shaughnessy is related to stocks. As has already been pointed out, the parameters of interest and the evaluation that is performed by a bond investor to determine whether to invest in a bond are much different than the parameters of interest and the evaluation that is

performed by an investor in stocks to determine whether to invest in a stock. The mere fact that O'Shaughnessy teaches using a dividend yield to search for stocks does not suggest using a dividend yield to search for bonds. One of ordinary skill in the art would not have obtained a suggestion to modify a system for trading bonds in view of a search parameter used to search for stocks.

Claims 10 and 12 have been amended to even further distinguish the invention from the prior art. Support for the change can be found by referring to the specification at paragraph 10. Even if the teaching in Narayan et al. were modified in the manner asserted by the Examiner, the result would be related to searching for bonds, not stocks. The claimed invention would not have been suggested.

On page 10 of the above-identified Office Action, claim 15 has been rejected as being unpatentable over US patent application publication No. 2002/01333447 to Mastman in view of Official Notice under 35 U.S.C. § 103. Applicant respectfully traverses.

Mastman does teach that all or only some of the parameters may be selected for generating the portfolio however, this teaching does not suggest using only one the parameters to generate the portfolio, and it does not suggest that the sole parameter should be the dividend yield.

The Examiner has alleged that one would be motivated to do so to simplify the process and to save the purchasers time from having to input his/her own parameters. First of all, applicant points out that the Examiner's assertion appears to be an admission that the securities would not be placed into an exchange traded fund, but rather that the teaching is in fact directed towards enabling individual investors to create a portfolio. The manager of an exchange traded fund would not be concerned with the time that could be saved by entering a few less parameters. Rather the manager of an exchange traded fund is concerned with obtaining the best return for the owners of shares in the fund. The Examiner's allegation cannot be logically supported by the realities of the situation. There does not appear to be support for such a modification in the prior art.

It is accordingly believed to be clear that none of the references, whether taken alone or in any combination, either show or suggest the features of claims 1, 5, 8, or 10. Claims 1, 5, 8, and 10 are, therefore, believed to be patentable over the art. The dependent claims are believed to be patentable as well because they all are ultimately dependent on one of the independent claims.

In view of the foregoing, reconsideration and allowance of claims 1, 2, 5, 6, 8-12 and 15 are solicited.

In the event the Examiner should still find any of the claims to be unpatentable, counsel would appreciate receiving a telephone call so that, if possible, patentable language can be worked out.

Petition for extension is herewith made. The extension fee for response within a period of three (3) months pursuant to Section 1.136(a) in the amount of $525.00 in accordance with Section 1.17 is enclosed herewith. Please charge any other fees that might be due with respect to Sections 1.16 and 1.17 to the Deposit Account of Lerner Greenberg Stemer LLP, No. 12-1099.

Respectfully submitted,

/Werner H. Stemer/
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